

\_\_\_\_ BILL NO. \_\_\_\_

INTRODUCED BY \_\_\_\_\_  
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT SUBMITTING TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII, SECTION 1, OF THE MONTANA CONSTITUTION TO GENERALLY REVISE INCOME AND PROPERTY TAXATION; PROVIDING THAT ONLY STATE RESIDENTS PAY INCOME TAX AND THAT ANY PERSON PAYING INCOME TAX MAY ELECT NOT TO PAY PROPERTY TAXES UNDER CERTAIN CIRCUMSTANCES; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Article VIII, section 1, of The Constitution of the State of Montana is amended to read:

**"Section 1. Tax purposes -- rebate of excess tax revenue -- applicability of tax type.** (1) Taxes shall be levied by general laws for public purposes.

(2) Each fiscal year, revenue that is received by the state, other than that received from the government of the United States, that is in excess of the amount budgeted by the legislature shall be rebated on a per capita basis to individuals who filed income tax returns for the prior calendar year. The rebate shall be made in the following fiscal year in the manner determined by law.

(3) Retail sales of goods, property, and businesses are subject to the sales tax or use tax as provided in Article VIII, section 16.

(4) (a) An individual who files a Montana resident income tax return may request that all property owned by the individual in Montana be exempt from property taxation by filing a request with the department of revenue along with a list of the counties in which property is owned. The property tax exemption does not apply to special assessments or voted bond obligations.

(b) (i) To qualify for the exemption in subsection (4)(a), each of the members of the immediate family of the individual, including dependents, shall file a Montana resident income tax return.

(ii) The department shall immediately notify the counties in which the property is located that the property owner has qualified for an exemption.

(iii) Each county shall total the amount of the property tax exemption and notify the department of the total. The department shall reimburse the county for the amount of the exemption.

1 (c) (i) The property tax exemption in subsection (4)(b) shall continue as long as the property owner  
2 qualifies as a Montana resident required to file income taxes. If a qualified individual fails to file a resident income  
3 tax return by April 15 of a tax year, the individual does not qualify for the property tax exemption and the loss of  
4 the exemption applies as of the beginning of the tax year.

5 (ii) The department shall notify each appropriate county treasurer that the property owned by an individual  
6 described in subsection (4)(c)(i) is subject to taxation and is not eligible for the state reimbursement under  
7 subsection (4)(b)(iii).

8 (5) (a) Property owned by a business organization with its principal headquarters located in Montana,  
9 including corporations but not including entities under subsection (5)(b), is exempt for each year that the owners  
10 are individuals and:

11 (i) if there are less than 100 owners, all the owners pay or are liable for the payment of Montana income  
12 taxes; or

13 (ii) if there are 100 or more owners, the owners of a majority of shares of stock pay or are liable for the  
14 payment of Montana income taxes.

15 (b) Property within a trust, partnership, or similar legal entity is exempt for each year that all the trustees,  
16 partners, or similar members of the entity file Montana income tax returns.

17 (6) Property leased to a person or entity is not exempt from property taxes under the provisions of  
18 subsection (4)(a) unless both the lessor and the lessee qualify pursuant to subsection (4).

19 (7) The provisions of Article VIII, sections 3 and 4, apply only to property and property taxpayers subject  
20 to property taxes. Under this section, property taxes may not be increased beyond an inflation factor as provided  
21 by law.

22 (8) Only individuals claiming legal residency in the state are subject to taxation of income."  
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24 **NEW SECTION. Section 2. Effective date.** If approved by the electorate, these amendments are  
25 effective January 1, 2009.  
26

27 **NEW SECTION. Section 3. Submission to electorate.** This amendment shall be submitted to the  
28 qualified electors of Montana at the general election to be held in November 2008 by printing on the ballot the  
29 full title of this act and the following:

30 ☐ FOR revising taxation by limiting income taxes to residents and exempting income taxpayers

1 from property taxes.  
2 [] AGAINST revising taxation by limiting income taxes to residents and exempting income  
3 taxpayers from property taxes.  
4 - END -